

STATE OF CALIFORNIA  
Budget Change Proposal - Cover Sheet  
DF-46 (REV 08/17)

Fiscal Year 2018	Business Unit 8660	Department Public Utilities Commission	Priority No. 004
Budget Request Name 8660-305-BCP-2018-A1		Program 6680055—Energy	Subprogram

Budget Request Description

Natural Gas Core Transport Agent Consumer Protection

Budget Request Summary

The California Public Utilities Commission (PUC) requests \$103,000 from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) for one (1) permanent Public Utilities Regulatory Analyst (PURA) I.

This position will work to implement newly defined and magnified registration and consumer protection duties set forth in a recently issued Commission decision regarding gas Core Transport Agents (CTAs) in order to protect California customers from fraudulent and deceptive business practices and increase the reliability of the state's natural gas system. Based on the Proposed Decision (PD) in Rulemaking (R.) 14-03-002 (issued October 6, 2017), which was adopted by the PUC on February 8, 2018, the staff will design, implement, and perform analytical and registration verification functions and an enhanced consumer protection program regarding CTAs, as required by Chapter 604, Statutes of 2013 (SB 656) and Public Utilities (PU) Code sections 980-989.5.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No.                      Project Approval Document:                      Approval Date:

If proposal affects another department, does other department concur with proposal? ☒ Yes ☐ No  
*Attach comments of affected department, signed and dated by the department director or designee.*

Prepared By Edward Randolph	Date 3/28/2018	Reviewed By Maria Valadez	Date 3/28/2018
Department Director Alice Stebbins	Date 3/28/2018	Agency Secretary	Date

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

PPBA	Original Signed by Amanda Martin	Date submitted to the Legislature MAR 29 2018
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### A. Budget Request Summary

The California Public Utilities Commission (PUC) requests \$103,000 from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) for one (1) permanent Public Utilities Regulatory Analyst (PURA) I.

This position will work to implement newly defined and magnified registration and consumer protection duties set forth in a recently issued Commission decision regarding gas Core Transport Agents (CTAs) in order to protect California customers from fraudulent and deceptive business practices and increase the reliability of the state's natural gas system. Based on the Proposed Decision (PD) in Rulemaking (R.) 14-03-002 (issued October 6, 2017), which was adopted by the PUC on February 8, 2018, the staff will design, implement, and perform analytical and registration verification functions and an enhanced consumer protection program regarding CTAs, as required by Chapter 604, Statutes of 2013 (SB 656) and Public Utilities (PU) Code sections 980—989.5.

### B. Background/History

CTAs are non-utility, privately-owned natural gas service providers that operate from both inside and outside the state of California. They purchase natural gas and sell it directly to residential and commercial customers (also known as “core” customers), transporting natural gas over the utility-owned pipeline system. CTAs claim to sell natural gas to customers for a lower price than utilities.

The Legislature allowed CTAs to compete with regulated utility companies for California customers in the 1990s because the CTA business model claimed to be able to serve customers at costs lower than utility natural gas service. With the enactment of Chapter 604, Statutes of 2013 (SB 656/13), the Legislature required the PUC to extend registration, oversight, and consumer protection over CTAs. In September 2014, the Commission adopted Decision (D.)14-08-043 in R. 14-03-002 which established interim registration standards for CTAs, in compliance with SB 656, but determined that a Phase 2 of the rulemaking would address additional registration and consumer protection standards. Work on Phase 2 began in February 2017 with the issuance of the Phase 2 scoping memo.

PUC staff has performed the interim registration work for CTAs currently in operation as set forth in D.14-08-043, as reflected in the resource history table below. While the PUC lacks evidence of lower cost natural gas service for California customers, the PUC does, however, have evidence of customer complaints and fraudulent and deceptive business practices by CTAs. There have been incidents of CTAs switching customers' natural gas service provider from utility service to CTA service without permission. This practice is similar to the “slamming” phenomenon in the telecommunications industry that was reduced when the PUC's enforcement division instituted its slamming citation program in 2008. Further evidence collected by the PUC shows that CTA deceptive business practices often occur in low-income and non-English speaking communities.

The PUC receives quarterly reports from the investor owned utilities describing the last quarter's tally of customer complaints about CTA service, as well as additional complaints from various advocates. As the utility and/or the PUC receive notice of customers and neighborhoods having their natural gas service provider switched without permission through a complaint channel, the PUC's Consumer Affairs Branch works with the utility to switch the customer back to utility natural gas service.

The Phase 2 PD implementing CTA business registration and consumer protection requirements as directed by SB 656/13 was published in October 2017 and adopted on February 8, 2018. The PD establishes a greater number of tasks required to register CTA natural gas service companies in order to protect California customers from fraudulent and deceptive business practices, provide for the reliability of the state's natural gas system, and maintain the health, comfort, and safety of California ratepayers. The Phase 2 PD directs PUC staff to perform new tasks and duties that have never before been performed and which became effective upon adoption of the Phase 2 PD in February 2018.

The PUC has not yet received resources for SB 656/13, and a PURA V absorbed workload to provide support to the formal proceeding, program management, and compliance work to handle gas CTA registrations. This is new activity and, therefore, there is no resourced history associated with it.



## Analysis of Problem

### Workload History

Workload Measure	PY - 4	PY - 3	PY - 2	PY - 1	PY	CY
Hours recorded providing limited formal proceeding advisory support to ALJ Division on Rulemaking 14-03-002 and compliance work to handle CTA registrations		316	436	22	169	109
Number of new CTA registrations approved within 45 days of receipt of application	N/A	0	0	29	5	0
Number of biannual and supplemental filings requiring maintenance and updating of the PUC's CTA database with Oracle program	N/A	0	0	29	5	0

### C. State Level Considerations

The PUC recently adopted a Strategic Plan. This Budget Change Proposal aligns with many of the PUC Strategic Directives including Consumer Protection, Reliability and Resiliency, and Rates and Affordability. CTA regulatory oversight falls under the following Strategic Directives:

Strategic Directive 02—Safety: “The CPUC secures health and safety with a goal of achieving zero accidents and injuries across all the entities it regulates, and within the CPUC workplace.”

- “3. Promote a safety culture within the CPUC by continuously improving safety oversight and outcomes and learning from experience—including near misses, incidents investigations, audits proceedings, consumer feedback and complaints.”
  - Consumers have reached out to the PUC as a result of allegedly unfair or deceptive CTA business practices involving service switching or unrealized pricing promises. The PUC has intervened on behalf of customers and, with this new CTA regulatory framework, must continue to act on behalf of the customer to ensure safe reliable service at just and reasonable rates.

Strategic Directive 03—Reliability and Resiliency: “The CPUC assures reliable and resilient services of the entities it regulates. Within its jurisdictional authority, the CPUC will:

1. Assure an adequate supply of regulated services and adequate infrastructure to deliver the services.”
  - Gas provision is an essential service and, as non-utility actors take more market share, customers served by CTAs with Commission oversight will return to utility service as a result of any CTA service failures to continue assuring reliable and resilient service.

Strategic Directive 04—Rates and Affordability: “The CPUC ensures that rates are just and reasonable. Within its jurisdictional authority, the CPUC will:

1. Assure that essential services remain affordable for Californians, while also assuring safety and reliability;
2. Ensure that any necessary and appropriate rate changes are approved in a timely manner and are fairly amortized over time;
3. Help consumers understand services and rate changes and assure that regulated entities provide the information and tools to inform choices and minimize costs;
4. For services where the CPUC does not directly regulate prices, monitor market conditions and take appropriate action if it appears that rates are no longer just and reasonable.”
  - CTAs advertise less expensive gas service than utility gas service. Commission oversight of CTA service offerings ensures appropriate business practices and customer interactions.

Strategic Directive 06—Consumer Protection, Education, and Assistance: “The CPUC protects, educates, and assists consumers in their purchase and use of services from utilities and regulated entities. Within its jurisdictional authority, the CPUC will:

1. Ensure and assure the accuracy and accessibility of consumer information;
2. Identify consumer complaints and trends and prosecute violations of law or CPUC rules, including instances of waste, fraud, and abuse;
3. Assist consumers in filing, tracking, and resolving complaints;



## Analysis of Problem

### 4. Educate and assist consumers concerning the services they use.”

- Commission website tool development will aid consumers in better understanding the difference between utility and CTA service and how to complain in instances of deceptive business practices, and assist customers in gas service complaint resolution.

Strategic Directive 07—Compliance and Enforcement: “The CPUC monitors regulated entities’ compliance with applicable law, including CPUC rules, regulations, and orders. Within its jurisdictional authority, the CPUC will:

1. Promote compliance and deter violations of applicable laws, standards, and regulations;
  2. Enforce applicable laws, rules and regulations in a fair, consistent, and timely manner;
  3. Promote individual and organizational accountability within regulated entities;
  4. Continually improve CPUC oversight efforts through regular periodic reviews of CPUC compliance and enforcement efforts.”
- With the passage of CTA regulation in Rulemaking 14-03-002, the Commission has established jurisdictional authority over third party gas providers to ensure standard service, deter violations, promote accountability, and ensure regulatory compliance.

Strategic Directive 15—Risk Management: “The CPUC maintains a continuously improving enterprise risk management system and internal audit function. Within its jurisdictional authority, the CPUC will:

1. Identify and characterize substantial risks to the achievement of the Commission’s goals and strategic directives, including risks the public faces with respect to entities the CPUC regulates; The Commission’s mandate is to ensure safe reliable service at just and reasonable rates.”
- With established regulatory jurisdiction over third party natural gas providers, the Commission can further determine any risks the public faces with respect to the variety of ways gas service can be provided.

## D. Justification

The health, welfare, economic prosperity, and safety of California society relies on natural gas service to the home and business. Consumer advocates elevated the fraudulent and deceptive business practices of CTAs to the Legislature that wrote legislation directing the PUC to provide consumer protections. In addition, consumer complaints of deceptive and fraudulent business practices by CTAs often came from low income and non-English speaking communities. SB 656 was passed to provide California consumers a level of protection and increased oversight of non-utility natural gas service providers. Following passage of SB 656, the Commission opened R. 14-03-002 and adopted a registration process for CTAs in September 2014. Additional work on myriad consumer protection and information requirements set forth in SB 656, including a “Do Not Call List,” CTA program website, complaint tracking, suspension and revocation procedures for problem CTAs, etc., however, was postponed to a Phase 2 of the proceeding.

Since the passage of the legislation, the number, size, and influence of CTAs operating in California have grown, and the amount of gas that CTAs provide to consumers has increased (see chart on next page). The need for greater Commission participation in assisting customers with service concerns has also increased since customers continue to lodge complaints with the utilities and PUC’s Consumer Affairs Branch, and make accusations of fraud and deceptive business practices against CTAs.



## Analysis of Problem

### Growth of CTAs as a % of Utility Natural Gas Service Over Time

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>CTAs PGE</b>	10	11	12	14	17	19	20	23	29	31	33
% of gas supplied by CTAs to core* customers	6.1%	8.1%	10.4%	12.3%	13.6%	15.9%	18.5%	21.5%	21.9%	20.8%	19.9%
<b>CTAs SoCalGas</b>	7	7	10	11	13	15	16	17	19	23	24
% of gas supplied	1.4%	1.65%	2.14%	2.67%	3.12%	3.77%	5.08%	6.08%	12.64%	6.42%	7.05%
<b>CTAs SDG&amp;E</b>	5	6	7	9	11	12	12	13	16	20	21
% of gas supplied									11%	11%	11%
<b>CTAs SWGas</b>								1	1	1	1
% of gas supplied											2.1%

\*Note: a "Core" natural gas customer is a residence or a small business customer. A "Non-Core" customer is a larger natural gas using customer, such as a natural gas power plant, a big business like Paramount or IMAX, or a hospital.

As shown in the table above, CTAs serve nearly 20% of PG&E's core load, and 7% and 11% of SoCalGas and SDG&E load respectively. The number of CTAs in each large utility's service area has doubled since 2011.

The PUC currently receives quarterly reports from utilities describing the last quarter's tally of customer complaints against CTA natural gas service companies. The PUC also receives complaints from advocates for low income customers about CTA natural gas service companies, but without staffing to appropriately regulate them.

### CTA Count

Utility Jurisdiction	# of CTAs serving customers in utility jurisdiction	CTA serves % of volume of core customer gas served by utility	# of complaints received by utility about CTAs in jurisdiction*
<b>PGE</b>	33	19.9% of volume served by CTA	From 2013 through January 2018: 20,320
<b>SoCalGas</b>	24	7.05% of Core served by CTA	From 2013 through January 2018: 1,923
<b>SDG&amp;E</b>	21 total – 19 active with customers	11% of billed volume in 2015, 16, to date, served by CTA	From 2014 through January 2018: 12,152
<b>SWGas</b>	1	2.1%	1
<b>Total</b>	<b>79 potential filings under new regulations</b>		34,346 since 2013

\*Does not include count of complaints received by PUC because agency complaint system went live in Feb. 2018

Currently, 34 CTAs operate in California, and each of these 34 CTAs must now file a separate registration filing twice per year for each utility service area that it operates in, leading to the total of 79 anticipated regulatory filings. With the enactment of the new CTA regulations on February 8, 2018, each CTA must now file finalized registration documents, submit to the PUC various monetary fees and bonds, and file updated terms of service and customer service plans with the Commission twice per year for each jurisdiction in which the CTA operates. There are currently four utility jurisdictions in which a CTA can operate. Energy Division (ED) anticipates at least 79 CTA registration and service update filings every six months. As more CTAs enter the market, this number will grow.

Existing PUC staff absorbed the workload of the initial, interim CTA registration process adopted in September 2014 in D.14-08-043. However, with the growth of the number of CTAs operating in the



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four utility service areas, and with the expansion of consumer protection duties, consumer information requirements (i.e., Do Not Call List, customer service plan review, website development, etc.), and enhanced registration procedures set forth in the Phase 2 Decision in R. 14-03-012, staff cannot absorb this additional workload. The addition of one permanent employee dedicated to CTA regulation at the PUC will enable the Commission to initiate implementation of the CTA registration, verification, and consumer protections and consumer information duties required by SB 656 and Public Utilities Code section 980-989.5.

This request could not be made through the normal fiscal year 2018-19 BCP process because the full scope of the new rules and the associated workload only became known in October 2017 when the proposed decision implementing the statutorily mandated regulations circulated for public comment. This work now comes into being since the final decision was approved by Commission vote on February 8, 2018.

The PUC is requesting one permanent position (one PURA I) to implement the new consumer protection rules and oversight of non-utility, privately owned natural gas service companies, CTAs. This position will be housed in ED. Absent additional resources, implementation of the statutory mandate and regulations for CTA registration, verification, and consumer protections will occur at a slower rate, potentially impacting Commission's ability to fulfill other requirements.

A portion of the PUC website will need to be developed with informational tools about CTAs, translated into many languages. A Do Not Call List will need to be developed, publicized, and enforced. The regulatory program to register and verify CTAs operating in every utility jurisdiction will need to be built up, among many other aspects of the required regulations to be implemented.

In order to benchmark potential workload of overseeing gas CTAs, the PUC looks to the electric equivalent, Energy Service Providers (ESPs) that serve Direct Access customers. Currently, the PUC has 22 ESPs registered. Based on time tracking data, experienced staff spent 1,150 work hours managing the annual registration of 22 ESPs in 2017. ESPs have a similar business model on the electric side to CTAs on the gas side; however, ESPs do not have the legacy of consumer complaints, thereby limiting the application of this analogy. Also, ESPs are only required to make one filing annually, whereas the 34 current CTAs must file twice per year in each jurisdiction in which they operate, leading to our current estimate of 79 registration filings two times per year.

The tables below describe the CTA regulatory activities to be performed by staff as required by statute and the Phase 2 PD:

### Analyst functions (One permanent PURA I requested)

<b>Ongoing workload increase:</b>	Hours /year
Policy Development and Coordination: Promote Program compliance through review of biannual CTA filings and service plans to provide for compliance with statute	260
Do Not Call List: Develop, maintain, and enforce CTA Do Not Call List	250
Registration Fee: Monitor, Analyze, and Produce annual study and draft annual resolution for Commission consideration assessing CTA registration fee based on costs of informal complaint process, CTA regulatory regime, and Do Not Call List	240
Public Alerts: Work with Executive Division and News and Outreach Division to publicize Public Alerts based on the outcome of the complaint process, a CTA Order Instituting Investigation, or unauthorized/fraudulent CTA behavior	100
Tariff Review: review, approve, and monitor compliance with utility CTA tariff filings, resolve CTA and IOU disputes; consider development of CTA Consumer Bill of Rights	175
<b>Sub Total Hours/year</b>	<b>1,025</b>
<b>Additional One-time task workload increase which will be absorbed for the first year by offsetting discretionary postponement of time spent on one task from above:</b>	
Workshop: Develop and host a joint utility and CTA workshop in Q3 of 2018 to assess CTA rule implementation	120



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### Registration and Verification function

<b>Ongoing workload increase</b>	<b>Hours/year</b>
Registration Review and Analysis: Receive, register, verify CTA filings and biannual filing updates: Registration, Financial (credit applications, proof of financial viability, Technical and Operational ability)	240
Registration Completion: Coordinate with division management, executive division management, administrative law division, legal, enforcement, and fiscal divisions (Interdivision) to review and verify registration package	100
Database Management: Maintain CTA Oracle database based on biannual filings, and coordinate updates of CTA website	100
Review Standard Service Agreement and Biannual Terms of Service Filings, update website	280
Monitor CTA customer complaints received, on a quarterly basis and update CTA website	50
Draft resolution to deny, suspend, or revoke CTAs	50
Draft resolutions for release of CTA funds from Fiscal Office	30
Monitor, Analyze and Draft resolution to modify CTA "re-entry fee" as appropriate	50
Website Creation and Maintenance: Develop and maintain website with "Informational Guides or other Tools" to help core gas customers understand core transport service options, in many languages	120
<b>Sub Total Hours/Year</b>	<b>1,020</b>
<b>Total Hours for All Activities</b>	<b>2,165</b>

The PUC absorbed the increasing workload associated with early CTA regulation. Since then, the number of registered gas CTAs has grown, and the actual workload associated with consumer protections per SB 656 has become much clearer as the proceeding came to a PD. The proceeding made every effort to minimize staffing impacts, and the PD narrowed down the scope to only what is required by statute. However, the new rules and processes that are specified in the Phase 2 PD (as adopted February 8, 2018) require substantial workload to develop the desired consumer protection and CTA registration verification materials, requiring significant staffing resources at this time.

With these resources, the PUC will be better able to initiate implementation of SB 656/13 legislation directing the PUC to provide safe, reliable natural gas service at just and reasonable rates for California consumers, the mandate of the PUC, in this time of greater customer choice. With a dedicated PUC staff member onboard to protect consumers from bad business practices in the natural gas marketplace, the PUC will be in a better position to provide oversight and appropriate enforcement of legislative and regulatory directives. Robust Commission oversight of CTA service offerings, coupled with consumer information on newly designed PUC websites, will support PUC oversight of appropriate business practices by CTAs.

### **E. Outcomes and Accountability**

With this additional position, the administrative and analytical duties required for proper regulation of CTAs as mandated by SB 656/13 would be initiated, including the review and analysis of registration, credit, and operational abilities.

The PUC will be providing public alerts when cases of fraud or deceptive business practices occur, investigate suspending or revoking CTA registration if the Commission found evidence of bad actors. The PUC website will be updated with informational guides and tools to help inform customers making choices about natural gas service.

The PUC will develop, and actively manage and enforce, a Do Not Call list to enable California residents to input their information so that CTA agents do not solicit them.

The CTA tracking database will be updated regularly when new filings are received and CTA information changed.



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The PUC will be able to perform the annual study required by legislation to determine the CTA program administrative costs to the state. Then, the Commission would be able to draft a resolution to update the CTA registration and annual fee amounts, as necessary, to cover the cost of the program.

The PUC will convene stakeholder workshops to receive input about the impact of CTA regulations and determine if modifications are required. PUC staff will be able to properly analyze evidence and present thoughtful advisory support to decision-makers on CTA regulation rule modification or any other aspect of CTA service provision.

The table below provides a quantitative summary of projected outcomes by workload measure.

### Projected Outcomes

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
Hours recorded providing limited formal proceeding advisory support to ALJ Division on Rulemaking 14-03-002 and compliance work to handle CTA registrations	109	0	0	0	0	0
Develop CTA "Do Not Call List"—number of lists developed	0	1	0	0	0	0
Maintain, update, and enforce CTA "Do Not Call List" quarterly ( <i>Enforcement process</i> )—number of updates	0	4	4	4	4	4
Perform annual CTA Registration Fee study measuring expenditures related to costs of PUC informal complaint process, CTA regulatory efforts, and enforcement of No Call List ( <i>perform study</i> )—number of studies	0	1	1	1	1	1
Draft annual resolution for Commission consideration assessing changes to the CTA registration fee based on costs of PUC informal complaint process, CTA regulatory efforts, and enforcement of No Call List ( <i>draft resolution</i> )—number of resolutions	0	1	1	1	1	1
Manage utilities' application process related to CTAs—number of utility applications	0	4	4	4	4	4
Work with Executive Division and News and Outreach Division to publicize Public Alerts about CTA business practices based on the outcome of the informal and formal CTA complaint process, a CTA investigation, or verification of unauthorized or fraudulent CTA business practices ( <i>Public Alert count will depend on behavior of CTAs</i> )—number of alerts	0	1-5	1-5	1-5	1-5	1-5
Review semiannual CTA terms of service plan filings for prospective customers for each service area. (There are currently 34 CTAs in operation and 4 different service territories constituting, at minimum, 79 filings per filing period. ( <i>review filings per year</i> )—number of filings	0	164	170	175	180	186
Develop the CTA portion of PUC website for the disclosure of CTA service plan filings for public access—number of sites developed	0	1	0	0	0	0
Update CTA website section with updated information from the semiannual filings ( <i>number of updates</i> )—number of filings	0	164	170	175	180	186
Post and update quarterly CTA complaint reports filed by utilities to PUC on PUC CTA website ( <i>updates from each utility jurisdiction</i> )—number of reports	0	4	4	4	4	4
Develop portion of PUC website with "Informational Guides or other Tools" to help core gas customers understand core transport service options and translate guides and tools into many languages—number of sites developed	0	1	0	0	0	0
Develop and host a joint utility and CTA workshop in Q3 of 2018 to assess CTA rule implementation ( <i>develop and host workshop</i> )—number of workshops	0	1	1	1	1	1
Review and approve all 4 revised utility CTA tariff filings ( <i>review tariff filings</i> )—number of utility filings	0	4	0	0	0	0
Receive and verify registration forms from new CTA businesses not yet registered with the PUC, audit filings,	0	2	2	2	2	2



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request finalization of filings and correction of errors where found ( <i>review new registration form filings</i> )—number of filings						
Receive and verify each CTA financial posting and Proof of Financial Viability in each jurisdiction of service; work with PUC Fiscal Office to verify receipt of required financial postings ( <i>verify new and/or updated financial postings</i> )—number of postings	0	5	5	5	5	5
Verify documentation submitted to PUC demonstrating the technical and operational abilities of each CTA business ( <i>verify new and updated documents submitted</i> )—number of new submittals	0	5	5	5	5	5
Receive and review semiannual CTA filings for their “service agreements” in each utility jurisdiction of operation ( <i>review service agreement submissions</i> )—number of service agreements	0	164	170	175	180	186
Review and approve financial credit applications for each CTA operating in each utility jurisdiction of operation, or any credit application updates ( <i>application review</i> )—number of applications reviewed	0	5	5	5	5	5
Number of new CTA registrations approved within 45 days of receipt of application	0	2	2	2	2	2
Deny or Suspend CTA registration if facts warrant, in collaboration with Executive Division and Administrative Law Judge Division’s expedited review process described in the Decision ( <i>process count will depend on behavior of CTAs</i> )—number of denials or suspensions	0	1-5	1-5	1-5	1-5	1-5
Number of biannual and supplemental filings requiring maintenance and updating of the PUC’s CTA database with Oracle program	0	164	170	175	180	186
Review and verify CTA financial posting with PUC Fiscal Office as it relates to CTA customer size in each jurisdiction of operation—number of new postings	0	5	5	5	5	5
Prepare resolutions for formal Commission consideration whenever a CTA requests the release of funds from PUC Fiscal Office—number of resolutions	0	1-5	1-5	1-5	1-5	1-5
Write an annual resolution to increasing CTA “re-entry fees” to pay to cover costs for returning customers to utility service if evidence suggests that these fees require an increase. Utility service is the backup service for all CTA customers receiving natural gas should the CTA business be unable to serve—number of resolutions	0	1	1	1	1	1
Analyze evidence and determine whether a CTA consumer “bill of rights” needs to be developed, and develop it based on analysis of complaints after customer protections are instituted—numbers of analyses	0	1	1	1	1	1
Based on evidence, determine if the newly developed CTA suspension/revocation process should instead mirror the process used to register ESPs instead of the process most recently developed for the CTA registration and regulation process—number of reviews and determinations	0	1	1	1	0	0

## F. Analysis of All Feasible Alternatives

### Alternative #1: Approve proposal as requested

Pros: Fund one permanent position (PURA I) to design, implement, and perform analytical and registration verification functions and an enhanced consumer protection program regarding CTAs, as required by legislation (SB 656) and PU Code Section 980-989.5.

Cons: The state will be required to expend \$103,000 per year for this permanent position.



## Analysis of Problem

### Alternative #2: Redirect Staff

Pros: The PUC could reassign staff from other work areas to implement the CTA consumer protection regulation, saving the state the expense for an additional position.

Cons: Staff working on natural gas issues are spread thin due to a range of topics requiring immediate attention, including natural gas system reliability for the entire state as a result of the Aliso Canyon gas leak, transmission pipeline explosions in the desert hindering the state from importing a significant amount of gas to Southern California, pipeline safety investigation and spending audit, natural gas utility rate case oversight, oil pipeline regulation, advice letter management, biomethane and renewable natural gas industry development in response to legislation (SB 1383, AB 1900, AB 2313) and to enable the state to reach its significant greenhouse gas reduction targets, among other tasks. Redirecting staff would compromise the Commission's ability to fulfill these other requirements.

### Alternative #3: Address consumer protection and business registration for CTAs and their customers at a slower pace

Pros: SB 656 was enacted in 2013 and the Commission, through the regulatory process, crafted processes to regulate CTAs. These regulations were finalized in early 2018, and the natural gas using customers should timely receive the benefits of the legislative requirements. The multiple tasks outlined are required by statute and fall under PU Code sections 980-989.5, and they require thoughtful implementation and dedicated resources. The speed at which these tasks can be completed will be directly tied to the availability of staff to support them.

Cons: The longer it takes to put these consumer protection and business registration functions into place, the more customers, particularly those in low-income and non-English speaking communities, will be vulnerable to bad business practices.

## **G. Implementation Plan**

Upon approval of funding, Commission management will immediately prepare a duty statement and job opportunity language consistent with the authorized funding, and direct PUC HR to post the job opportunity at relevant websites including the PUC Website. After the initial screenings of applications, eligible applications will be reviewed by PUC management using standard criteria (for example, resume, cover letter, statement of qualifications, written and oral interviews, etc.) and then hire the most qualified candidate.

Training a new hire in CTA regulation would commence with understanding the utility landscape, natural gas as a utility service, and the marketplace of gas service provision in the state.

## **H. Supplemental Information**

Not Applicable.

## **I. Recommendation**

Approve Alternative #1. SB 656/13 requires the PUC to extend registration, oversight, and consumer protection over CTAs. Customer complaints have indicated that fraudulent and deceptive business practices are being perpetrated by CTAs, particularly in low-income and non-English speaking communities. The PUC's Phase 2 PD implementing CTA business registration and consumer protection requirements was adopted by the PUC on February 8, 2018 and establishes a great number of tasks required to register these natural gas service companies to protect Californians. Additional staff is necessary for the PUC to effectively manage this new increased workload. None of the alternatives adequately addresses the workload in a timely or lasting manner.

Therefore, the PUC recommends approval of Alternative #1 for \$103,000 from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) for one permanent position (one PURA I) to perform the tasks required by SB 656/13, Rulemaking 14-13-012, and to initiate implementation of the processes outlined in the Phase I and Phase II decisions to institute CTA registration and consumer protection regulations to better secure safe, reliable natural gas service at just and reasonable rates, better providing for the health, comfort and safety of the public.



# BCP Fiscal Detail Sheet

BCP Title: Natural Gas Core Transport Agent Consumer Protection

BR Name: 8660-305-BCP-2018-A1

## Budget Request Summary

	FY18					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Personal Services						
Positions - Permanent	0.0	1.0	1.0	1.0	1.0	1.0
<b>Total Positions</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Salaries and Wages						
Earnings - Permanent	0	58	58	58	58	58
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$58</b>	<b>\$58</b>	<b>\$58</b>	<b>\$58</b>	<b>\$58</b>
Total Staff Benefits	0	26	26	26	26	26
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$84</b>	<b>\$84</b>	<b>\$84</b>	<b>\$84</b>	<b>\$84</b>
Operating Expenses and Equipment						
5304 - Communications	0	1	1	1	1	1
5320 - Travel: In-State	0	3	3	3	3	3
5322 - Training	0	2	2	2	2	2
5324 - Facilities Operation	0	7	7	7	7	7
5346 - Information Technology	0	3	1	1	1	1
539X - Other	0	3	3	3	3	3
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$19</b>	<b>\$17</b>	<b>\$17</b>	<b>\$17</b>	<b>\$17</b>
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$103</b>	<b>\$101</b>	<b>\$101</b>	<b>\$101</b>	<b>\$101</b>

## Fund Summary

Fund Source - State Operations						
0462 - Public Utilities Commission Utilities Reimbursement Account	0	103	101	101	101	101
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$103</b>	<b>\$101</b>	<b>\$101</b>	<b>\$101</b>	<b>\$101</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$103</b>	<b>\$101</b>	<b>\$101</b>	<b>\$101</b>	<b>\$101</b>

## Program Summary

Program Funding						
6680055 - Energy	0	103	101	101	101	101
<b>Total All Programs</b>	<b>\$0</b>	<b>\$103</b>	<b>\$101</b>	<b>\$101</b>	<b>\$101</b>	<b>\$101</b>



Personal Services Details

Positions		Salary Information			<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
		Min	Mid	Max						
4592	- Public Utilities Reg Analyst I (Eff. 07-01-2018)				0.0	1.0	1.0	1.0	1.0	1.0
Total Positions					0.0	1.0	1.0	1.0	1.0	1.0
Salaries and Wages		CY	BY	BY+1	BY+2	BY+3	BY+4			
4592	- Public Utilities Reg Analyst I (Eff. 07-01-2018)	0	58	58	58	58	58			58
Total Salaries and Wages		\$0	\$58	\$58	\$58	\$58	\$58			\$58
Staff Benefits										
5150350	- Health Insurance	0	5	5	5	5	5			5
5150450	- Medicare Taxation	0	1	1	1	1	1			1
5150500	- OASDI	0	4	4	4	4	4			4
5150600	- Retirement - General	0	16	16	16	16	16			16
Total Staff Benefits		\$0	\$26	\$26	\$26	\$26	\$26			\$26
Total Personal Services		\$0	\$84	\$84	\$84	\$84	\$84			\$84